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Message Text

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11
ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 FEA-02 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 EB-11 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PRS-01

IO-14 USIA-15 NEA-14 PA-04 DRC-01 /218 W
---------- 108424
R 051552Z AUG 74
FM AMEMBASSY OSLO
TO SECSTATE WASHDC 8521
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OTTAWA
AMEMBASSY PARIS
USMISSION OECD PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

C O N F I D E N T I A L OSLO 3589

E.O. 11652: XGDS-1
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SUBJECT: NORWAY AND THE INTEGRATED ENERGY PROGRAM -- PART 1

REF: BRUSSELS 5797

BEGIN SUMMARY: IN THIS TWO-PART MESSAGE WE EXPLORE ACTING FOREIGN MINISTER ARNESEN'S PROBLEMS WITH ASPECTS OF THE PRESENT AUTOMATIC TRIGGER PROVISION OF THE IEP AGREEMENT AND SOME OF THE IMPLICATIONS OF REJECTION BY PARLIAMENT OF
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NORWEGIAN PARTICIPATION IN THE IEP. THE NORWEGIAN CABINET

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WILL PROBABLY CONSIDER THE QUESTION OF PARTICIPATION THIS MONTH, AND WE SHOULD CONSIDER URGENTLY WHETHER THERE IS ANYTHING WE CAN OR WISH TO DO WHICH WOULD MAKE IT EASIER FOR NORWAY TO DECIDE IN FAVOR OF PARTICIPATION. PART 1 OF THIS CABLE CONTAINS A RUNDOWN GIVEN BY ARNESEN OF THE ECG MEETING ON JULY 29-31 AND OF NORWEGIAN DIFFICULTIES WITH THE PRESENT IEP AGREEMENT. PART 2 DISCUSSES ARNESEN'S FEAR THAT UNLESS THE TRIGGER PROVISIONS ARE MODIFIED THE DEBATE IN PARLIAMENT ON PARTICIPATION IN THE IEP AND ON SHARING NORWEGIAN OIL WILL RE-OPEN THE ISSUES AND WOUNDS OF THE DEBATE IN 1972 ON EEC MEMBERSHIP. THE FORMER BRATTELI GOVERNMENT SUPPORTED MEMBERSHIP THEN, AND THE PRESENT BRATTELI GOVERNMENT APPEARS TO BE LEANING TOWARD IEP PARTICIPATION NOW. HOWEVER, A SECOND DEFEAT COULD HEIGHTEN RESURGENT NATIONALISM AND COULD MAKE FUTURE NORWEGIAN COOPERATION WITH THE U.S. AND WESTERN EUROPE MORE DIFFICULT. ACTION REQUESTED: GUIDANCE BY AUGUST 12 ON THE U.S. RESPONSE TO NORWEGIAN DIFFICULTIES WITH THE IEP. END SUMMARY.

1. IN A RECENT RUNDOWN ON THE JULY 29-31 ECG MEETING, ACTING FOREIGN MINISTER ARNE ARNESEN EXPRESSED GRATIFICATION FOR U.S. UNDERSTANDING OF NORWEGIAN CONCERNS OVER THE IEP AGREEMENT. HE GAVE EMBASSY FOLLOWING FILL-IN AND COMMENTS ON MEETING.

2. DRAFTING OF REPORTS -- ACCORDING TO ARNESEN, DAVIGNON WILL DRAFT A COMPLETE REPORT ON FOLLOW-UP WORK OF THE WASHINGTON ENERGY CONFERENCE. DANES WILL PREPARE TEXT OF DRAFT IEP AGREEMENT. BOTH DOCUMENTS WILL BE CIRCULATED IN MID-AUGUST. GOVERNMENTS WILL CONSIDER THEM DURING THE LAST HALF OF AUGUST. THEN WORKING GROUPS WILL PUT FINISHING TOUCHES ON DRAFTS IN EARLY SEPTEMBER FOR FINAL ECG MEETING ON SEPTEMBER 19-20.

3. NORWEGIAN TIMETABLE -- PENDING CONSULTATION WITH FRYDENLUND, ARNESEN'S PROVISIONAL TIMETABLE WAS TO HAVE CABINET CONSIDER DRAFTS IN LATER PART OF CONFIDENTIAL

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AUGUST. GOVERNMENT WOULD THEN CONSULT FOREIGN RELATIONS COMMITTEE, WHICH WOULD HAVE TO BE CALLED SPECIALLY FOR THIS PURPOSE. HE SAW SOME MERIT IN DOING THIS RIGHT AFTER CABINET CONSIDERED DRAFTS SO THAT NORWAY WOULD HAVE ALL ITS DUCKS IN A ROW BEFORE WORKING GROUPS ON DRAFTS MEET IN EARLY SEPTEMBER. FRYDENLUND WILL BE ON LEAVE UNTIL AUGUST 19TH AND ARNESEN UNTIL AUGUST 12TH.

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4. NORWAY -- THE "BAD BOY" AT ECG MEETING -- ARNESEN READILY ADMITTED THAT ALL OTHER GOVERNMENTS EXCEPT NORWAY WERE IN GENERAL AGREEMENT ON IEP AT JULY 29-31 ECG MEETING AND THAT NORWAY HAD BEEN THE ONLY REAL HOLDOUT. HE EXCUSED THIS ON GROUNDS THAT:

(A) NORWAY WOULD BE ONLY NET OIL EXPORTER IN IEP;

(B) NORWAY WOULD BE ONLY ECG COUNTRY WHICH WOULD HAVE TO SEEK PARLIAMENTARY CONSENT;

(C) RISING NATIONALISM IN NORWAY IN THE WAKE OF REJECTION OF EEC MEMBERSHIP AND AS A CONSEQUENCE OF NORWAY'S COMING EMERGENCE AS A MAJOR OIL AND GAS EXPORTER;

(D) HIS FEAR THAT NORWEGIAN MEMBERSHIP IN THE IEP WOULD TRIGGER ANOTHER EEC DEBATE FUELED BY QUESTIONS OF OIL SHARING AND RELINQUISHMENT OF SOVEREIGNTY.

5. THE AUTOMATIC TRIGGER STILL NORWAY'S BIGGEST HANG-UP. ARNESEN SAID THAT AGREEMENT THAT THE IEP GOVERNING COUNCIL WOULD MEET AND DISCUSS EMERGENCY SITUATIONS BEFORE ACTION WAS INITIATED WAS VERY HELPFUL AND MET IN LARGE MEASURE NORWEGIAN INTEREST IN POLITICAL CONSULTATIONS BEFORE ACTIVATING THE IEP TRIGGER. HOWEVER, TWO TRIGGER ISSUES REMAINED. AS PRESENTLY CONCEIVED, A MAJORITY VOTE OF ECG MEMBERS IS NECESSARY TO TURN OFF IEP ACTION. NORWAY WOULD PREFER MAKING A MAJORITY VOTE NECESSARY TO TURN ON ACTION. IN ADDITION, ARNESEN THOUGHT IEP AGREEMENT SHOULD INCLUDE A PROVISION WHICH WOULD ALLOW NORWAY TO DISASSOCIATE ITSELF FROM IEP ACTION, IF OVERRIDING POLITICAL CONSIDERATIONS SO DICTATED. HE ADMITTED THAT THIS AMOUNTED TO AN ESCAPE CLAUSE, BUT SAID THAT HERE AS WITH QUESTION

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OF MAJORITY VOTE HE COULD FORESEE SITUATIONS WHERE OTHER IEP COUNTRIES WOULD STICK TOGETHER BECAUSE THEY WERE OIL IMPORTERS. WITHOUT AN ESCAPE CLAUSE, NORWAY, THE ONLY OIL IMPORTER IN THE IEP, MIGHT FIND ITSELF FORCED TO TAKE ACTIONS WITH WHICH IT FUNDAMENTALLY DISAGREED. THIS PROSPECT WOULD COMPLICATE GETTING PARLIAMENTARY CONSENT TO PARTICIPATE IN THE IEP.

6. UNANIMOUS VOTE ON NEW IEP MEMBERS -- ARNESEN SAID THIS CONCERN WAS OVERCOME IN PART BY UNDERSTANDING THAT DAVIDSON WOULD CONSULT SWEDES, FRENCH, SWISS, AUSTRALIANS, NEW ZEALANDERS, AND AUSTRIANS, PROBABLY

ABLY WITH A VIEW TO BRINGING THEM INTO THE IEP.

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IF THEY JOINED, THEY WOULD BE CHARTER MEMBERS AND NOT SUBJECT TO THREAT OF A VETO. HOWEVER, HE RETAINED A MEASURE OF CONCERN ABOUT OTHER OECD MEMBERS, E.G., GREECE, AND STILL THOUGHT FULL ACCEPTANCE OF IEP OBLIGATIONS WAS ENOUGH. HE ALSO DISLIKED IDEA OF A SPECIAL IEP CLUB WITHIN OECD AND EXPRESSED SOME WORRY THAT THE DAVIGNON CONSULTATIONS WOULD NOT BE SUCCESSFUL IN BRINGING SWEDEN AND OTHERS IN.

7. FORM OF AGREEMENT -- SINCE NORWAY MUST OBTAIN PARLIAMENTARY CONSENT FOR IEP PARTICIPATION, ARNESEN SAID HE DID NOT GREATLY CARE WHETHER AGREEMENT TOOK FORM OF A MEMORANDUM OF UNDERSTANDING AS DESIRED BY THE UK OR AN INTERGOVERNMENTAL AGREEMENT AS WISHED BY THE U.S. AND ITALY. HIS PERSONAL PREFERENCE WAS FOR AN OECD RESOLUTION WHICH WOULD HELP IN PRESENTATION OF THE IEP TO THE NORWEGIAN PARLIAMENT, BUT THIS WAS NOT A STICKING POINT.
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